

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Millions, except per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|----------------|----------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue | | | | |
| Services | \$ 596.5 | \$ 649.1 | \$ 2,406.3 | \$ 2,605.6 |
| Technology | 125.2 | 140.8 | 414.4 | 409.5 |
| | <u>721.7</u> | <u>789.9</u> | <u>2,820.7</u> | <u>3,015.1</u> |
| Costs and expenses | | | | |
| Cost of revenue: | | | | |
| Services | 498.8 | 592.0 | 2,092.9 | 2,306.7 |
| Technology | 62.7 | 38.9 | 169.2 | 167.5 |
| | <u>561.5</u> | <u>630.9</u> | <u>2,262.1</u> | <u>2,474.2</u> |
| Selling, general and administrative | 109.8 | 130.0 | 455.6 | 519.6 |
| Research and development | 14.9 | 13.2 | 55.4 | 76.4 |
| | <u>686.2</u> | <u>774.1</u> | <u>2,773.1</u> | <u>3,070.2</u> |
| Operating profit (loss) | 35.5 | 15.8 | 47.6 | (55.1) |
| Interest expense | 7.5 | 3.6 | 27.4 | 11.9 |
| Other income (expense), net | (3.4) | 0.2 | 0.3 | 8.2 |
| Income (loss) before income taxes | 24.6 | 12.4 | 20.5 | (58.8) |
| Provision for income taxes | 23.0 | 11.1 | 57.2 | 44.4 |
| Consolidated net income (loss) | 1.6 | 1.3 | (36.7) | (103.2) |
| Net income attributable to noncontrolling interests | 2.8 | 0.2 | 11.0 | 6.7 |
| Net income (loss) attributable to Unisys Corporation | \$ (1.2) | \$ 1.1 | \$ (47.7) | \$ (109.9) |
| Earnings (loss) per share attributable to Unisys Corporation | | | | |
| Basic | \$ (0.02) | \$ 0.02 | \$ (0.95) | \$ (2.20) |
| Diluted | \$ (0.02) | \$ 0.02 | \$ (0.95) | \$ (2.20) |
| Shares used in the per share computations (in thousands) | | | | |
| Basic | <u>50,085</u> | <u>49,937</u> | <u>50,060</u> | <u>49,905</u> |
| Diluted | <u>50,085</u> | <u>50,049</u> | <u>50,060</u> | <u>49,905</u> |

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

| | Total | Eliminations | Services | Technology |
|---|-----------------|-----------------|-----------------|-----------------|
| Three Months Ended December 31, 2016 | | | | |
| Customer revenue | \$ 721.7 | | \$ 596.5 | \$ 125.2 |
| Intersegment | | \$ (5.3) | — | 5.3 |
| Total revenue | <u>\$ 721.7</u> | <u>\$ (5.3)</u> | <u>\$ 596.5</u> | <u>\$ 130.5</u> |
| Gross profit percent | <u>22.2 %</u> | | <u>17.2 %</u> | <u>59.2 %</u> |
| Operating profit (loss) percent | <u>4.9 %</u> | | <u>2.5 %</u> | <u>39.3 %</u> |

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Three Months Ended December 31, 2015 | | | | |
| Customer revenue | \$ 789.9 | | \$ 649.1 | \$ 140.8 |
| Intersegment | | \$ (8.4) | — | 8.4 |
| Total revenue | <u>\$ 789.9</u> | <u>\$ (8.4)</u> | <u>\$ 649.1</u> | <u>\$ 149.2</u> |
| Gross profit percent | <u>20.1 %</u> | | <u>16.2 %</u> | <u>68.4 %</u> |
| Operating profit (loss) percent | <u>2.0 %</u> | | <u>3.6 %</u> | <u>46.8 %</u> |

| | Total | Eliminations | Services | Technology |
|-------------------------------------|-------------------|------------------|-------------------|-----------------|
| Year Ended December 31, 2016 | | | | |
| Customer revenue | \$ 2,820.7 | | \$ 2,406.3 | \$ 414.4 |
| Intersegment | | \$ (22.6) | — | 22.6 |
| Total revenue | <u>\$ 2,820.7</u> | <u>\$ (22.6)</u> | <u>\$ 2,406.3</u> | <u>\$ 437.0</u> |
| Gross profit percent | <u>19.8 %</u> | | <u>16.2 %</u> | <u>59.9 %</u> |
| Operating profit (loss) percent | <u>1.7 %</u> | | <u>1.9 %</u> | <u>37.0 %</u> |

| | | | | |
|-------------------------------------|-------------------|------------------|-------------------|-----------------|
| Year Ended December 31, 2015 | | | | |
| Customer revenue | \$ 3,015.1 | | \$ 2,605.6 | \$ 409.5 |
| Intersegment | | \$ (49.0) | 0.1 | 48.9 |
| Total revenue | <u>\$ 3,015.1</u> | <u>\$ (49.0)</u> | <u>\$ 2,605.7</u> | <u>\$ 458.4</u> |
| Gross profit percent | <u>17.9 %</u> | | <u>15.8 %</u> | <u>55.3 %</u> |
| Operating profit (loss) percent | <u>(1.8) %</u> | | <u>2.3 %</u> | <u>24.8 %</u> |

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

| | December 31, 2016 | December 31, 2015 |
|--|-------------------|---------------------|
| <u>Assets</u> | | |
| Current assets | | |
| Cash and cash equivalents | \$ 370.6 | \$ 365.2 |
| Accounts and notes receivable, net | 505.8 | 581.6 |
| Inventories: | | |
| Parts and finished equipment | 14.0 | 20.9 |
| Work in process and materials | 15.0 | 22.9 |
| Prepaid expenses and other current assets | 121.9 | 120.9 * |
| Total | 1,027.3 | 1,111.5 * |
| Properties | 886.6 | 876.6 |
| Less-Accumulated depreciation and amortization | 741.3 | 722.8 |
| Properties, net | 145.3 | 153.8 |
| Outsourcing assets, net | 172.5 | 182.0 |
| Marketable software, net | 137.0 | 138.5 |
| Prepaid postretirement assets | 33.3 | 45.1 |
| Deferred income taxes | 146.1 | 127.4 * |
| Goodwill | 178.6 | 177.4 |
| Other long-term assets | 181.5 | 194.3 * |
| Total | \$ 2,021.6 | \$ 2,130.0 * |
| <u>Liabilities and deficit</u> | | |
| Current liabilities | | |
| Notes payable | \$ — | \$ 65.8 |
| Current maturities of long-term-debt | 106.0 | 11.0 |
| Accounts payable | 189.0 | 219.3 |
| Deferred revenue | 337.4 | 335.1 |
| Other accrued liabilities | 349.2 | 329.9 * |
| Total | 981.6 | 961.1 * |
| Long-term debt | 194.0 | 233.7 * |
| Long-term postretirement liabilities | 2,292.6 | 2,111.3 |
| Long-term deferred revenue | 117.6 | 123.3 |
| Other long-term liabilities | 83.2 | 79.2 * |
| Commitments and contingencies | | |
| Total deficit | (1,647.4) | (1,378.6) |
| Total | \$ 2,021.6 | \$ 2,130.0 * |

* Certain amounts have been reclassified to conform to the current-year presentation.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions)

| | Year Ended December 31, | |
|--|-------------------------|-----------------|
| | 2016 | 2015 |
| Cash flows from operating activities | | |
| Consolidated net income (loss) | \$ (36.7) | \$ (103.2) |
| Add (deduct) items to reconcile consolidated net loss to net cash provided by (used for) operating activities: | | |
| Foreign currency transaction losses | 0.4 | 8.4 |
| Non-cash interest expense | 7.0 | — |
| Loss on debt extinguishment | 4.0 | — |
| Employee stock compensation | 9.5 | 9.4 |
| Depreciation and amortization of properties | 38.9 | 57.5 |
| Depreciation and amortization of outsourcing assets | 51.9 | 55.7 |
| Amortization of marketable software | 64.8 | 66.9 |
| Other non-cash operating activities | 1.9 | 4.6 |
| Disposals of capital assets | 6.2 | 9.7 |
| Pension contributions | (132.5) | (148.3) |
| Pension expense | 82.7 | 108.7 |
| Decrease in deferred income taxes, net | 2.7 | 1.2 |
| Decrease (increase) in receivables, net | 87.3 | (11.5) |
| Decrease (increase) in inventories | 15.3 | (3.7) |
| Increase (decrease) in accounts payable and other accrued liabilities | 7.1 | (61.1) |
| Decrease in other liabilities | (9.2) | (7.5) |
| Decrease in other assets | 16.9 | 14.4 |
| Net cash provided by (used for) operating activities | <u>218.2</u> | <u>1.2</u> |
| Cash flows from investing activities | | |
| Proceeds from investments | 4,455.9 | 3,831.6 |
| Purchases of investments | (4,490.0) | (3,806.2) |
| Investment in marketable software | (63.3) | (62.1) |
| Capital additions of properties | (32.5) | (49.6) |
| Capital additions of outsourcing assets | (51.3) | (102.0) |
| Other | (1.0) | 10.4 |
| Net cash used for investing activities | <u>(182.2)</u> | <u>(177.9)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt | 213.5 | 31.8 |
| Payments for capped call transactions | (27.3) | — |
| Issuance costs relating to long-term debt | (7.3) | — |
| Payments of long-term debt | (129.8) | (10.4) |
| Proceeds from exercise of stock options | — | 3.7 |
| Net (payments) proceeds from short-term borrowings | (65.8) | 65.8 |
| Financing fees | — | (0.3) |
| Net cash provided by financing activities | <u>(16.7)</u> | <u>90.6</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(13.9)</u> | <u>(43.0)</u> |
| Increase (decrease) in cash and cash equivalents | 5.4 | (129.1) |
| Cash and cash equivalents, beginning of period | 365.2 | 494.3 |
| Cash and cash equivalents, end of period | <u>\$ 370.6</u> | <u>\$ 365.2</u> |

UNISYS CORPORATION
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(Millions, except per share data)

| | Three Months | | Year Ended | |
|---|---------------------------|-----------------------|-------------------------|-------------------------|
| | Ended December 31, | | December 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| GAAP net income (loss) attributable to Unisys Corporation common shareholders | \$ (1.2) | \$ 1.1 | \$ (47.7) | \$ (109.9) |
| Cost reduction and other expense: pretax | 18.7 | 52.5 | 90.4 | 122.5 |
| tax provision (benefit) | 0.7 | (1.0) | (4.0) | (6.0) |
| net of tax | <u>19.4</u> | <u>51.5</u> | <u>86.4</u> | <u>116.5</u> |
| Pension Expense: pretax | 19.7 | 27.2 | 82.7 | 108.7 |
| tax provision (benefit) | 0.6 | (0.5) | 1.5 | (2.1) |
| net of tax | <u>20.3</u> | <u>26.7</u> | <u>84.2</u> | <u>106.6</u> |
| Non-GAAP net income (loss) attributable to Unisys Corporation common shareholders | 38.5 | 79.3 | 122.9 | 113.2 |
| Add interest expense on convertible notes | 4.7 | — | 14.5 | — |
| Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share | <u>\$ 43.2</u> | <u>\$ 79.3</u> | <u>\$ 137.4</u> | <u>\$ 113.2</u> |
| Weighted average shares (thousands) | 50,085 | 49,937 | 50,060 | 49,905 |
| Plus incremental shares from assumed conversion: | | | | |
| Employee stock plans | 402 | 111 | 231 | 150 |
| Convertible notes | <u>21,868</u> | <u>—</u> | <u>17,230</u> | <u>—</u> |
| Non-GAAP adjusted weighted average shares | <u>72,355</u> | <u>50,049</u> | <u>67,523</u> | <u>50,055</u> |
| Diluted earnings (loss) per share | | | | |
| <u>GAAP basis</u> | | | | |
| GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share | \$ (1.2) | \$ 1.1 | \$ (47.7) | \$ (109.9) |
| Divided by adjusted weighted average shares | 50,085 | 50,049 | 50,060 | 49,905 |
| GAAP diluted earnings (loss) per share | <u>\$ (0.02)</u> | <u>\$ 0.02</u> | <u>\$ (0.95)</u> | <u>\$ (2.20)</u> |
| <u>Non-GAAP basis</u> | | | | |
| Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share | \$ 43.2 | \$ 79.3 | \$ 137.4 | \$ 113.2 |

UNISYS CORPORATION
RECONCILIATION OF GAAP OPERATING PROFIT TO NON-GAAP OPERATING PROFIT
(Unaudited)
(Millions)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|-----------------|----------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| GAAP operating profit (loss) | \$ 35.5 | \$ 15.8 | \$ 47.6 | \$ (55.1) |
| Cost reduction and other expense | 14.7 | 52.5 | 86.4 | 122.5 |
| FAS87 pension expense | 19.7 | 27.2 | 82.7 | 108.7 |
| Non-GAAP operating profit (loss) | \$ 69.9 | \$ 95.5 | \$ 216.7 | \$ 176.1 |
| Customer Revenue | \$ 721.7 | \$ 789.9 | \$ 2,820.7 | \$ 3,015.1 |
| GAAP operating profit (loss) % | 4.9 % | 2.0 % | 1.7 % | (1.8)% |
| Non-GAAP operating profit (loss) % | 9.7 % | 12.1 % | 7.7 % | 5.8 % |

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

FREE CASH FLOW

| | Three Months | | Year Ended | |
|---|---------------------------|-----------------|---------------------|-----------------|
| | Ended December 31, | | December 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| Cash provided by (used for) operations | \$ 116.9 | \$ 109.7 | \$ 218.2 | \$ 1.2 |
| Additions to marketable software | (16.2) | (15.3) | (63.3) | (62.1) |
| Additions to properties | (14.2) | (9.4) | (32.5) | (49.6) |
| Additions to outsourcing assets | (9.9) | (21.6) | (51.3) | (102.0) |
| Free cash flow | 76.6 | 63.4 | 71.1 | (212.5) |
| Pension funding | 28.5 | 32.7 | 132.5 | 148.3 |
| Cost reduction and other payments | 11.7 | 20.9 | 74.0 | 58.5 |
| Adjusted free cash flow | \$ 116.8 | \$ 117.0 | \$ 277.6 | \$ (5.7) |

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

EBITDA

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-----------------|----------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net income (loss) attributable to Unisys Corporation common shareholders | \$ (1.2) | \$ 1.1 | \$ (47.7) | \$ (109.9) |
| Net income attributable to noncontrolling interests | 2.8 | 0.2 | 11.0 | 6.7 |
| Interest expense, net of interest income of \$2.7, \$2.5, \$11.2, \$9.2 respectively * | 4.8 | 1.1 | 16.2 | 2.7 |
| Provision for income taxes | 23.0 | 11.1 | 57.2 | 44.4 |
| Depreciation | 22.5 | 37.9 | 90.8 | 113.2 |
| Amortization | 16.8 | 16.6 | 64.8 | 66.9 |
| EBITDA | \$ 68.7 | \$ 68.0 | \$ 192.3 | \$ 124.0 |
| Pension Expense | 19.7 | 27.2 | 82.7 | 108.7 |
| Cost reduction and other expense ** | 17.5 | 36.5 | 89.2 | 102.6 |
| Non-cash share based expense | 1.8 | 1.5 | 9.5 | 9.4 |
| Other (income) expense adjustment*** | 2.1 | 2.3 | 6.9 | 1.0 |
| Adjusted EBITDA | \$ 109.8 | \$ 135.5 | \$ 380.6 | \$ 345.7 |

* Included in Other (income) expense, net on the Consolidated Statements of Income

** Adjusted to exclude duplication of Depreciation and Amortization

*** Other (income) expense, net as reported on the Consolidated Statements of Income less Interest income